



Comprehensive ratings for CDFI investments.

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**For Immediate Release**

CARS™ GAINS TRACTION WITH INVESTORS WHO STIPULATE THAT COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFIs) HAVE A RIGOROUS THIRD-PARTY RATING

*Investors also using CARS™ to identify new investment opportunities*

**PHILADELPHIA, July 26, 2010**—The CDFI Assessment and Ratings System (CARS™) is seeing a growing commitment among investors to third-party ratings as part of their lending process for community development loan funds. Approximately one-third of the investors that use CARS™ to augment their investment decision-making already require—or plan to require—a ratings assessment as a condition of their lending. In addition, some investors are reporting that they now use CARS™ to identify new CDFI loan fund investment opportunities.

CARS™ subscribers include national and regional banks, socially-responsible investors, and charitable foundations that invest in CDFIs to leverage their community development dollars. CARS™ is the only ratings system to provide an in-depth analysis of a CDFI's historic and current financial strength and impact performance. The analysis augments investors' own due diligence, and can help identify new investment opportunities that may otherwise have been overlooked.

"As a CARS™ subscriber, we have access to detailed analyses that greatly strengthen our own due diligence," said Mark Constantine, Vice President, Strategy, Policy, and Learning at Jessie Ball duPont Fund. "As the Fund explores integrating program-related investments in our work, CARS™ is an invaluable resource that allows us to assess potential investment opportunities that align with our mission."

Additionally, some subscribers are beginning to require that CDFIs in which they invest secure or maintain a CARS™ rating. Christa Velasquez, director, social investments at the Annie E. Casey Foundation), often requires a CARS™ rating as an investment or disbursement condition. "We also are considering that CARS™-rated CDFI borrowers remain rated for the term of our investment. We think CARS™ is an important tool for strengthening the industry and by extension, our social investments."

Since it released its first ratings in 2005, CARS™ has rated 10% of the approximately 600 community development loan funds in the United States, representing one-third of the total assets held by these financial institutions.

"We are pleased with the growing acceptance of CARS™ by both investors and opportunity finance institutions. The recent financial crisis underscores the importance of objective, third-



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party evaluations to augment investment decision-making and to strengthen the performance and risk-management practices of rated institutions,” said Paige Chapel, director of CARS™. “It’s clear from the expanded use of CARS™ by both existing and new subscribers that transparency and rigorous performance standards are playing an increasingly important role for investors as they consider CDFI investments.”

CARS™ rates loan funds (nonbank CDFIs) that invest in communities and create opportunities for low-income and low-wealth people. CDFI loan funds rated by CARS™ serve communities across the U.S. and include small, regional loan funds with a singular focus, as well as large, complex national institutions. CARS™-rated CDFIs provide financing and mission-driven services that support affordable housing, small and environmentally sustainable businesses, microenterprises, community facilities, and cooperatives.

And as the importance of CARS™ grows for investors, it also, in turn, grows for CDFIs. During the second quarter of 2010, new ratings for six community development loan funds were released, including:

- [The El Paso Collaborative](#) offers a wide range of loan products, programs and services—each designed to address a specific community need in the greater El Paso, Texas area.
- [Primary Care Development Corporation](#) is dedicated to ensuring that every community in New York has timely and effective access to primary healthcare. This is PCDC's second rating.
- [Valley Economic Development Corporation](#) creates and sustains jobs and businesses in the Los Angeles County community by providing high-quality economic development services.
- [Lakota Funds](#), an organization that plays a vital role in improving life for Oglala Lakota people by placing capital with new and growing businesses on the Pine Ridge Indian Reservation.
- [NCALL Research Inc.](#), based in Dover, Delaware, specializes in affordable housing development, education, and lending in Delaware and the eastern shores of Maryland and Virginia.
- [Partners for the Common Good](#) is a national organization that works to advance economic justice and opportunity for low-income people and communities.

“We requested a CARS™ rating to understand how our organization is succeeding, and where there’s room for improvement,” said Karen Kollias, loan fund director at NCALL Research, Inc. “A CARS™ rating was also important to us because lenders are increasingly looking for third party assessments of CDFIs to determine new investment opportunities.”

For further information, or to schedule an interview with Paige Chapel, CARS™ subscribers, or CARS™ members, please contact Stefanie Arck, VP of Strategic Communications at Opportunity Finance Network, at 215.320.4306.



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### **About CARS™**

CARS™, the CDFI Assessment and Ratings System, is an independent project of Opportunity Finance Network. Launched in 2004 to promote performance as a primary criterion determining the flow of capital through CDFIs and to promote standardization of information and industrywide performance standards, CARS™ is the only ratings system of its kind. Ratings include an assessment of impact performance and financial strength and performance. Ratings are based on five years of historical performance and cover a projected three-year period with annual updates in subsequent years. CARS™ publishes a list of CDFIs who are scheduled for an upcoming rating, and also provides an on-demand CDFI rating service for investors. More information about CARS™ is available at [www.carsratingsystem.net](http://www.carsratingsystem.net).

### **About Opportunity Finance Network**

**Opportunity Finance Network (OFN)**, the leading national network of more than 160 private financial institutions, creates growth that is good for communities, investors, individuals, and the economy. Members of OFN are community development financial institutions (CDFIs) who deliver responsible lending to help low-wealth and low-income communities join the economic mainstream. To date, the opportunity finance industry has financed more than \$25 billion in underserved markets in all 50 states, yielding more than **200,000 jobs, 500,000 housing units, and 5,000 community facility projects**. More information is available at: <http://www.opportunityfinance.net>.